

**Analysis and Evaluation Regarding the Effectiveness Evaluation of  
the Company's Audit & Supervisory Board in Fiscal 2020 — Summary of Results**

March 25, 2021  
Asahi Group Holdings, Ltd.

The Audit & Supervisory Board (“ASB”) of Asahi Group Holdings, Ltd. (the “Company”) has been evaluating its own effectiveness since fiscal 2018, as an ongoing initiative. In fiscal 2020, it conducted an effectiveness evaluation focusing on the status of efforts to respond to the matters that were identified in fiscal 2019 as needing to be addressed. The Company’s ASB aims to become even more effective so that it can be considered best practice among companies in Japan in terms of playing its role in corporate governance to contribute to corporate value enhancement and support prevention of damage.

I. Overview of results of analysis and evaluation

The Company’s ASB concluded that it was “functioning effectively” in fiscal 2020.

In conducting the evaluation, in addition to a questionnaire on effectiveness for each ASB Member of the Company, the evaluation involved administering a questionnaire and conducting interviews of standing ASB members of Group companies and members of the internal audit section of the Company, and conducting interviews of the accounting auditors, upon gaining third-party advice. Opinions on the evaluation were received from third parties and the results of the aforementioned process were obtained. From the results, considerations to be addressed in FY2021 to further improve effectiveness were identified.

II. Initiatives going forward

After having engaged in discussions on the evaluation and analysis for fiscal 2020, the Company’s ASB recognized the following four points as considerations to be addressed.

1. Further strengthening of Group governance
2. Reviewing and enhancing the information collection system
3. Maintaining and strengthening the ASB system within all of the Group companies, including the secretariat of the ASB
4. Consideration of a long-term strategy for developing audit personnel

III. Methods of analysis and evaluation

In order to analyze and evaluate the effectiveness evaluation of the ASB in fiscal 2020, the secretariat of the Company’s ASB prepared effectiveness evaluation questionnaires in October through November 2020 with an input from third parties. After obtaining approval to the questionnaire from the ASB, each ASB Member conducted an

evaluation using the questionnaire.

In addition, so as to obtain objective opinions, third parties performed a questionnaire survey and interviews with standing ASB members of the Group companies and the members of the internal audit section of the Company in November 2020, and an interview was conducted with the accounting auditors.

Copies of responses to the above questionnaire and compiled results were provided to the third parties to receive opinions on the evaluation and moreover to obtain support such as analysis of the questionnaire.

The Company's ASB compiled results of the evaluation using the above effectiveness evaluation questionnaire for each ASB Member, and held discussions and determined the evaluation at the ASB meeting in February 2021 by reference to opinions on the evaluation based on the interviews by third parties and the above questionnaire results.

#### IV. Evaluation items

Pillars of evaluation items in the self-evaluation questionnaire and individual interviews are as follows.

Analysis and evaluation were conducted based on a total of over 40 evaluation items derived by further refining and making more specific these items.

- Structure and operation of the ASB
- Responses to Directors and the Board of Directors
- Handling of scandals including material violation of laws and regulations, and inappropriate accounting treatment
- Risk management
- Status of maintenance and operation of internal control
- Adherence to ethics and compliance
- System for audit of Group companies by ASB Members
- Collaboration with outside auditor and internal audit section
- Understanding and evaluation by internal and external stakeholders

With regard to evaluation items for future effectiveness evaluation of the ASB, the Company's ASB plans to consider such items each year in view of its situation and trends, instead of sticking to the above items.

\* "Corporate Governance Guidelines"

<https://www.asahigroup-holdings.com/en/whoweare/governance/policy.html>

【Reference】

# The Asahi Group's Initiatives for Evaluation of the Effectiveness of the Audit & Supervisory Board in 2020

# 1. Outline of the Results of the FY2020 Effectiveness Evaluation

## ~Outline of the Results~

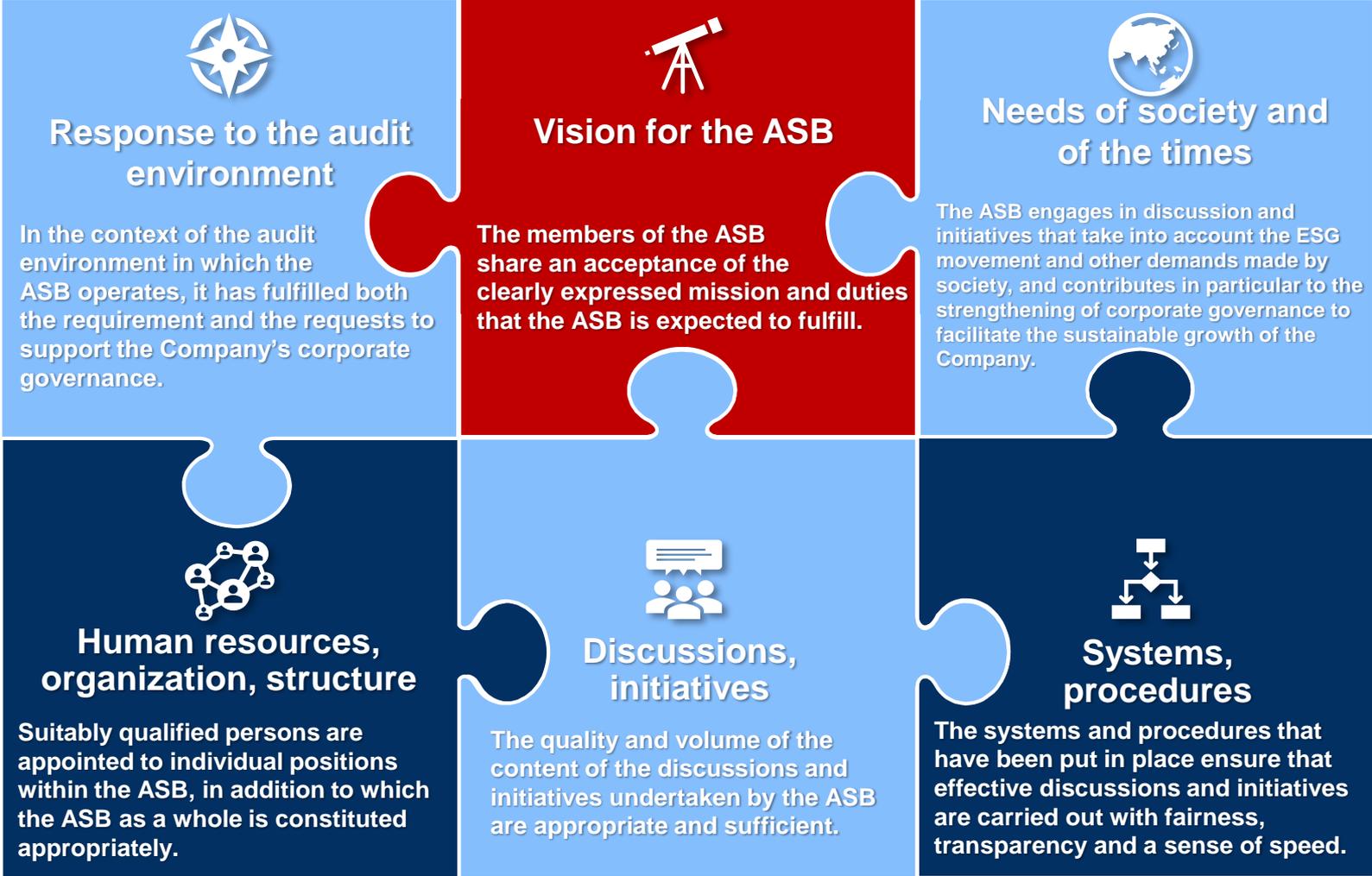
**As the Company's ASB, we evaluate that the Company's ASB has been "functioning effectively" in FY2020.**

## Outline of the Evaluation

- In the FY2020 evaluation of the effectiveness of the ASB, the Company used a third party organization to conduct an effectiveness evaluation focusing on initiatives to address the following four issues that were identified in the results of the FY2019 effectiveness evaluation.
  1. Enhancement of the system as the Group to respond to emergencies
  2. Further strengthening of Group governance
  3. Expansion and deepening of cooperation with Outside Directors
  4. Expansion and enhancement of collaboration with outside auditor and internal audit section
- This was based on information obtained through the questionnaire (ASB Members of the Company, standing ASB Members of Group companies, and the Company' internal audit section), interviews with third-party organizations (standing ASB Members of Group companies, the Company' internal audit section, and independent accounting auditors), and exchanges of opinions with the secretariat of the Company's ASB.

## 2. Our Vision for the Effectiveness of the ASB

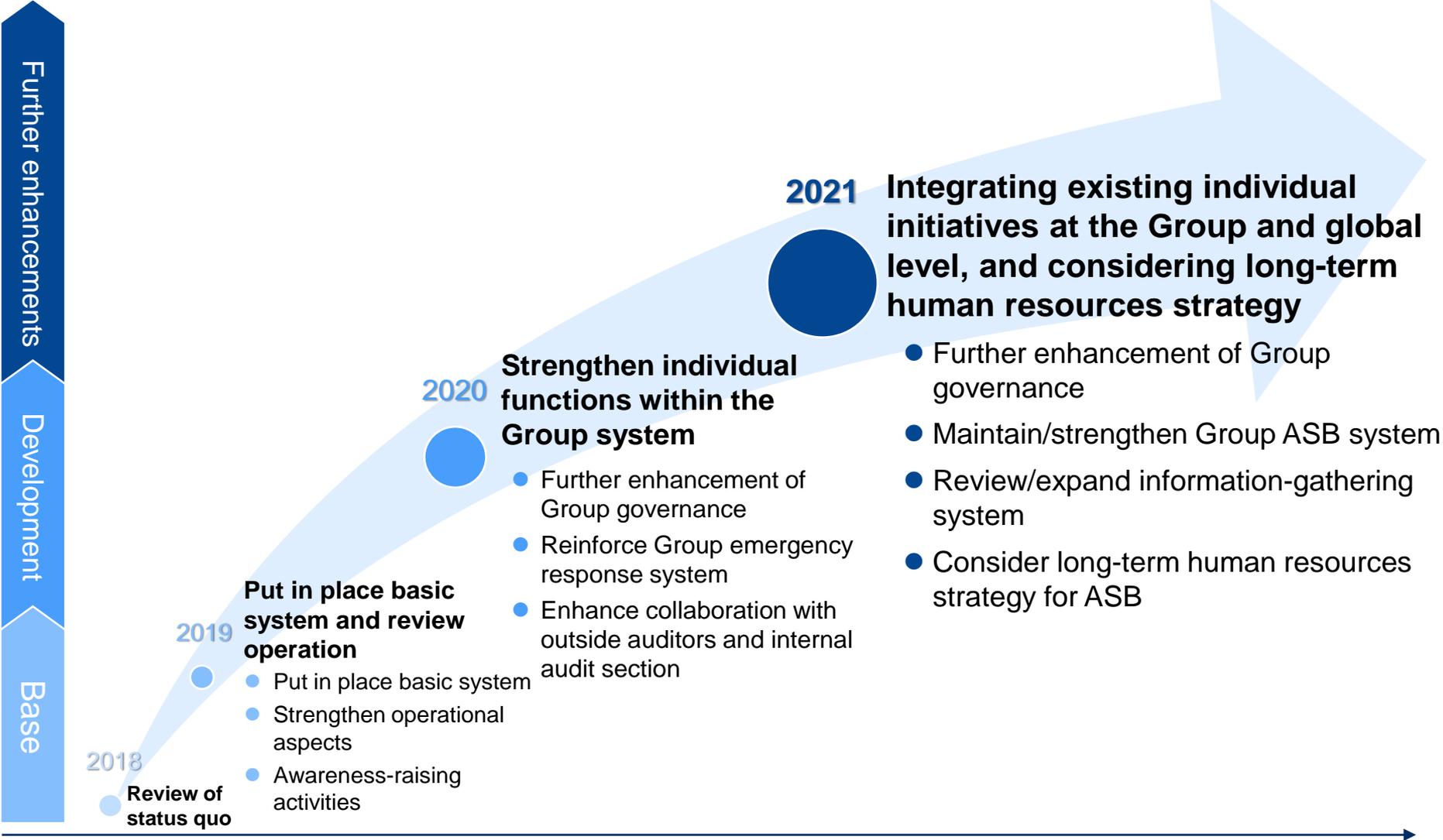
Shareholders have placed their trust in the ASB in the expectation that it will play a role in corporate governance to support the maximization of corporate value, and the prevention of damage.



**Highly effective ASB = an ASB able to support the maximization of corporate value and the prevention of damage**

### 3. Initiatives Aimed at Enhancing the Effectiveness of the ASB

- Going forward, the ASB itself will take an active and creative role in considering and implementing measures to further enhance its effectiveness.



# 4. List of Initiatives Aimed at Enhancing the Effectiveness of the ASB

2019

2020

Issues and initiatives for 2021

Enhance structure

**Further enhancement of Group governance**

- Expand opportunities to share information with Outside ASB Members
- More substantial information gathering and analysis for overseas audit committees, etc.

**Further enhancement of Group governance**

- Monitoring of overseas audit committees, etc.
- Questionnaire regarding understanding of the ASB
- Enhanced support for standing members of Group company ASBs

**Further enhancement of Group governance**

- Consider Group governance and a vision for the ASB within it from the ground up.
- Uncover COVID-19 pandemic issues, take stock of risks

**Maintain/strengthen Group ASB system, including ASB secretariat**

- Enhanced administrative support for standing members of Group company ASBs
- Work on initiatives to establish secretariat as Center of Excellence for the Group as a whole

**Reinforce emergency response system**

- Begin working on guidelines for emergency response

**Reinforce Group emergency response system**

- Discuss allocation of roles in the event of emergency with Group company ASB Members
- Exchange opinions with Outside ASB Members and Outside Directors

Establish emergency response guidelines

Ongoing implementation of emergency response system

**Expand and deepen cooperation with Outside Directors**

- Consider setting up opportunities for communication with Outside Directors

**Expand and deepen cooperation with Outside Directors**

- Strengthen emergency-response related communication with Outside ASB Members and Outside Directors
- Cooperation between ASB Secretariat and Board of Directors Secretariat

**Review/expand information-gathering system**

- Leveraging the knowledge of independent accounting auditor
- Set up opportunities for tripartite communication between ASB, internal audit section, and independent accounting auditor
- Consider a vision for stable and ongoing sharing of information in Japan and overseas through cooperation between standing members of Group company ASBs and overseas audit committee members

**Enhance collaboration with outside auditors and internal audit section**

- Implement third-party interviews with independent accounting auditors
- Consider issues with regard to outside auditors and internal audit section
- Enhance cooperation with internal audit section

Operational Improve-ments

**Strengthen operational aspects of the ASB**

- Review frequency and length of meetings
- ASB to address more substantial content

Initiatives to further strengthen operational aspects

Raising awareness

**Promote understanding of ASB audits to Group officers and employees**

- Issuance of ASB Handbook (Japanese and English editions)

Revision of ASB Handbook

Issuance of condensed version of ASB Handbook

Continue educational and awareness-raising activities using the ASB Handbook, etc.

Human resource development

**Establish long-term human resources strategy for ASB**

- Continue initiatives to promote understanding of the ASB's importance
- Investigate use of draft proposals to encourage dialogue with relevant parties going forward

# 5. Initiatives for 2021 Aimed at Enhancing the Effectiveness of the ASB

Issues and initiatives	Overview	Approach
<p><b>Further enhancement of Group governance (Ongoing issues)</b></p>	<ul style="list-style-type: none"> <li>• Strengthening Group governance in line with the expansion of the Group, including and especially overseas, remains an issue.</li> <li>• While keeping in mind the limitations and risks of audit activities that have emerged during the remote working environment arising from the COVID-19 pandemic, the Group must investigate mechanisms to achieve stable performance of audit activities.</li> </ul>	<ul style="list-style-type: none"> <li>■ Consider Group governance (especially global governance) and the role to be played by the ASB (audit committee) within it from the ground up.</li> <li>■ Take stock of risks related to audit activities, including the uncovering of COVID-19 pandemic issues</li> </ul>
<p><b>Review/expand information-gathering system (Ongoing issues)</b></p>	<ul style="list-style-type: none"> <li>• The key to supporting Group governance is the effectiveness of information gathering.</li> <li>• In terms of approaches to information gathering, begin expanding collaboration with outside auditors and the internal audit section, and strengthening cooperation between Outside Directors, standing members of Group company ASBs, and overseas audit committee members.</li> </ul>	<ul style="list-style-type: none"> <li>■ Leverage the knowledge of independent accounting auditor</li> <li>■ Set up opportunities for tripartite communication between ASB, internal audit section, and independent accounting auditor</li> <li>■ Consider a vision for stable and ongoing sharing of information in Japan and overseas through cooperation between standing members of Group company ASBs and overseas audit committee members</li> </ul>
<p><b>Maintain/strengthen Group ASB system, including ASB secretariat</b></p>	<ul style="list-style-type: none"> <li>• In order to improve the effectiveness of the information-gathering system, standards need to be raised for the Group ASB system as a whole.</li> <li>• In addition to further improving the effectiveness of audit activities performed by standing members of Group company ASBs, the secretariat, which is the base for the entire system, needs to be enhanced as a Center of Excellence.</li> </ul>	<ul style="list-style-type: none"> <li>■ Enhanced administrative support for standing members of Group company ASBs</li> <li>■ Work on initiatives to establish secretariat as Center of Excellence</li> </ul>
<p><b>Consider long-term human resources strategy for ASB</b></p>	<ul style="list-style-type: none"> <li>• While steady progress is being made in rolling out systems and organizations, it is undeniable that there is a dependence on specific human resources.</li> <li>• It is necessary to create mechanisms for the stable development of future audit personnel, and the precondition for this is that the entire Group, including top management, shares an awareness of the problem.</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue initiatives to promote understanding of the ASB's importance</li> <li>■ Begin preparations for dialogue with relevant parties going forward</li> </ul>

# 6. Initiatives Aimed at Sustained Improvements in Effectiveness

- The Company’s ASB considers it important to improve its effectiveness sustainably and continuously.
- Therefore, it ensures that it continues to meet requirements of stakeholders by utilizing the effectiveness evaluation as one of mechanisms that achieve long-term and sustained improvements of the effectiveness.

